

## Understanding Today's Mutual Funds

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Last year, a record number of mutual fund investors achieved unusually strong returns on their investments. In fact, many fund investors have enjoyed strong investment gains for years.

It is important to maintain realistic expectations about the performance of your mutual funds and the financial markets. Lately, the stock markets have moved up and down sharply, sometimes in a single day. Certain parts of the markets have performed exceedingly well while others have not. In such an unstable market environment, some investors may be tempted to assume risk beyond their tolerance or chase short-term performance.

Investors, especially those investing for long-term goals such as retirement or a child's education, should keep recent market movements in perspective, financial experts advise. Investors should also identify their tolerance for risk and invest in a manner consistent with their long-term investment goals.

Financial experts believe the following basic rules of investing will help you build and maintain a successful long-term investment program:

- Diversify your investments.
- Understand the relationship between risk and reward.
- Remember that past performance does not guarantee future results.
- Keep short-term market movements in perspective.

Throughout the country, 83 million Americans have turned to mutual funds to build their net worth and save for retirement. If you're looking to invest some of your money, a mutual fund offers a simple, accessible and affordable choice. The advantages of mutual funds include professional management, diversification, choice, liquidity, convenience and ease of record keeping.

Another significant advantage of mutual funds is the complete disclosure shareholders receive about their investments, including information about the costs associated with those investments.

It pays to establish your financial goals and create an investment plan as early as possible. The sooner you begin investing, the longer your money has to help you reach your long-term financial goals.

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